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04-726

AMENDMENT No. 1
TO THE AGREEMENT BETWEEN THE DEPARTMENT OF DEFENSE OF THE
UNITED STATES OF AMERICA
AND
HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE
MINISTER OF NATIONAL DEFENCE
FOR THE LOAN OF
LIGHT ARMoured VEHICLES (LAV IIIs) FOR CONCEPT EVALUATION

In accordance with Article 13 (Amendment, Termination, Entry into Force, and Duration) of the "Agreement Between The Department of Defense of The United States of America And Her Majesty The Queen In Right of Canada as Represented by The Minister of National Defence For The Loan of Light Armoured Vehicles (LAV IIIs) for Concept Evaluation" signed 17 February 2000, the expiration date is hereby extended from 31 January 2002 to 31 August 2004 and the Agreement is amended as follows:

1. Delete Article I and replace with the following:

ARTICLE I
DESCRIPTION AND QUANTITY

- 1.1 The following items shall be loaned by the DND to the DOD:

<u>Quantity</u>	<u>Description</u>	
26 Infantry Section Carrier (ISC)	LAV IIIs	as per Annex A
6 Command Post (CP) Vehicles	LAV IIIs	as per Annex A
26 ISC Equipment Check List (ECL)	LAV IIIs	as per Annex B
6 CP ECL	LAV IIIs	as per Annex B
CGFE Spares		as per Annex C

Value: \$ 57.29M U.S. (\$1.79M U.S. each)

- 1.2. The attached Annexes A, B, C, D (Definitions) and E (Rebuild Matrix) form part of the LAV Loan Agreement.

2. Delete article 2.1 and insert the following:

The objective is to develop Tactics, Techniques and Procedures (TTP) for a U.S. unit equipped with medium armoured wheeled vehicles. Groups of soldiers from varied U.S. operational units, including infantry, and reconnaissance, will be used to support carrying out the various tests/missions.

3. Delete article 3.1.1 and replace with the following:

The DND point of contact is:

CANADA

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Project Manager Light Armoured Vehicles
National Defence Headquarters
101 Colonel By Drive
Ottawa, Ontario, Canada K1A 0K2
Telephone: 819-997-2392
Facsimile: 819-997-5198

4. Delete and replace article 3.1.2 with the following:

The DOD point of contact is:
United States Army
TRADOC System Manager
Fort Monroe, Virginia
Telephone: 757-788-3968
Facsimile: 757-788-5856

5. Delete article 3.2.1 and replace with the following:

CANADA
Evaluation Officer
DND Quality Assurance Representative (QAR)
Building 15, 1991 Oxford St. East
London, Ontario, Canada N5V 2Z7
Telephone: (519) 452-5757
Facsimile: (519) 455-5690

6. Delete article 3.2.2 and replace with the following:

United States Army
Evaluation Officer
Fort Lewis, Washington
Telephone: 253-967-0654 DSN: 357
Facsimile: 253-967-0652

7. Delete article 3.3.1 and replace with the following:

Loan of the property – The DND shall make available the LAV IIIs to the DOD in the quantities and on the dates as follows :

8 LAV IIIs (6 ISC, 2 CP) on 29 February 2000
8 LAV IIIs (7 ISC, 1 CP) on 31 March 2000; and
16 LAV IIIs (13 ISC, 3 CP) on 31 August 2000.

The DOD shall return the 32 LAV IIIs to the DND in "like new" condition (as defined at Annex D) no later than 31 August 2004.

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8. Delete article 3.3.2. and replace with the following:

Delivery & transportation costs - The DOD shall transport at DOD expense the LAV IIIs, and ECL items and CGFE spares, to Ft. Lewis, Washington, from General Motors Defence, London, Ontario. The Evaluation Project Officers shall provide shipping details and confirm receipt. Possession shall be deemed to have passed from the DND to the DOD upon written receipt by the DOD Evaluation Project Officer or his designated representative. At the expiration of the loan, the DOD, at no cost to the DND, shall transport at DOD expense the LAV IIIs to General Motors Defence, London, Ontario.

9. Add article 3.3.2.1 to read as follows:

ECL Items and CGFE Spares - The DOD shall transport, at DOD expense, the ECL items and CGFE (spares), as outlined in Annex B and C, to GMD, London, Ontario. Upon return of the ECL items and spares to "like new" condition, DOD shall transport, at DOD expense, the ECL items and CGFE spares to 25 Canadian Forces Supply Depot, in Montreal, Québec. Annexes B and C may be amended from time to time and as required on approval of the respective POCs as described in Article 3.1.

10. Delete article 3.3.3 and replace with the following:

Condition - The DND shall ensure that the LAV IIIs and associated equipment as outlined in Annexes A, B and C are provided in new condition at the time of delivery to DOD. The DND shall implement all Canadian required Engineering Change Orders (ECOs) and Contract Change Proposals (CCPs), at DND expense, throughout the loan period. The DOD shall return the LAV IIIs and associated equipment in "like new" condition as certified by the DND QAR, on behalf of the DOD, in accordance with the Reciprocal Quality Assurance Agreement between DOD and DND. The OEM, or its authorized agents, are the only ones who can return the LAV IIIs and associated equipment to like new condition. The Rebuild Matrix, Annex E, represents the anticipated scope of work required in order to restore the vehicles to a "like new" condition. The DoD's obligation to restore the vehicles to a 'like new' condition is subject to a per vehicle ceiling of U.S. \$1,790,000, that represents the replacement value specified in article 1.1.

11. Delete article 3.3.6 and replace with the following:

Inspection and Inventory: The DOD and DND Evaluation Officers shall inspect, inventory and document the receipt of the LAV IIIs and associated equipment as outlined in Annexes A, B and C upon each transfer of possession between DOD and DND. Appropriate documentation will be signed to terminate the loan upon return and acceptance of the last piece of loaned equipment.

12. Delete article 3.3.10. and replace with the following:

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Concept Evaluation Report - The DOD shall furnish the DND at no charge a report detailing the evaluation of TTP of the force equipped with the LAV IIIs. The report will be provided within 90 days of the termination of this Agreement.

13. Delete article 3.4.1 and replace with the following:

The Canadian POC for all matters dealing with logistics and support is:

PMO LAV/ILS
National Defence Headquarters
101 Colonel By Drive
Ottawa, Ontario, Canada K1A 0K2
Telephone: 819-997-5206
Facsimile: 819-997-5198

14. Delete article 3.4.2 and replace with the following:

The Canadian POC for all matters dealing with communications is:

PMO LAV /SEM
National Defence Headquarters
101 Colonel By Drive
Ottawa, Ontario, Canada K1A 0K2
Telephone: 819-997-6752
Facsimile: 819-997-5198

15. Delete article 5.2 and replace with the following:

The DOD may make changes or alterations to the loaned property but will remove or undo these changes prior to loan termination. All changes made by the DOD, which could affect the structural integrity or armour protection of the loaned item, will require a prior written DOD request and receipt of written approval by the DND. The DOD will notify the DND in writing within 48 hours of having made changes which do not affect the structural integrity or armour protection of the loaned vehicle.

16. Delete article 5.3 and replace with the following:

The property shall be loaned only for the purposes set forth in Article II. No other use of the LAV IIIs and associated equipment as outlined in Annexes A, B and C by the DOD is authorized.

17 Delete article 5.4 and replace with the following:

Information and property provided by the DND shall be used by the DOD only for operation and maintenance of the LAV IIIs and associated equipment as outlined in

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Annexes A, B and C except as otherwise stated in this Agreement. The DOD shall ensure, by all means available, protection of proprietary rights in any equipment and any plans, specifications, or information furnished, whether subject to patent or like protection or not. Information and property provided by the DND may not be licensed or transferred by the DOD without prior written approval of the DND. Further, and notwithstanding the provisions of Article IX herein, such information and property may not be disclosed by the DOD to any person not an employee of or any entity not employed by the DOD without prior written approval of the DND.

18 Delete article 6.2 and replace with the following:

Information provided by the DND under this Agreement shall be safeguarded in a manner that ensures its proper protection from unauthorized disclosure. Toward that end, such information shall be marked with a legend containing the country of origin, a reference to this Agreement, and the appropriate security classification or commercial sensitivity.

19 Delete article 8.2.4 and replace with the following:

DND communications equipment (as outlined in Annex B) - [SECRET]

20. Delete article 12.1 and replace with the following:

The Participants agree that the DOD will award a sole source contract to GMD to perform the following work: vehicle familiarization for US personnel; maintenance of the vehicles and associated equipment as outlined in Annexes A, B, and C; any other necessary modification to the LAV IIIs and associated equipment loaned under this Agreement; and restoration of the vehicles and associated equipment in accordance with Article III. DOD will provide to the DND quarterly maintenance reports for the LAV IIIs and associated equipment as outlined in Annexes A, B, and C commencing 1 July 2001. These DOD reports shall be forwarded to the DND by the 15th of the month following the end of each quarter.

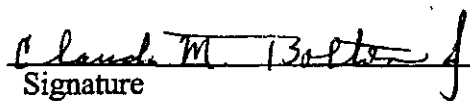
21. Delete article 13.5 and replace with the following:

This Agreement, which consists of Thirteen Articles and five Annexes, shall enter into force upon signature by both Participants and shall remain in force until 31 August 2004, unless earlier terminated under Article 13.2, or extended under Article 13.1.

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IN WITNESS WHEREOF, the duly authorized officials of the two Participants have executed this Amendment No.1 to the Agreement.

FOR THE DEPARTMENT OF DEFENSE
OF THE UNITED STATES OF AMERICA


Signature

Claude M. Bolton, Jr.

Name

Assistant Secretary of the Army
(Acquisition, Logistics and Technology)

Title

30 January 2002

Date

Washington, DC

Location

FOR THE MINISTER OF NATIONAL
DEFENCE OF CANADA


Signature

Alan Williams

Name

Assistant Deputy Minister
(Materiel)

Title

28 January 2002

Date

Ottawa, Ontario, Canada

Location